

Chapter 3:

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Function	DOE Headquarters	Regional Support Offices (RSOs)	State Energy Offices
<b>Policy Development</b>	<p>Works with RSOs to develop, establish, revise and prioritize program policies.</p> <p>Develops and publishes program regulations and guidance materials.</p> <p>Resolves program policy issues.</p>	<p>Provide input to develop and revise program policies and priorities.</p> <p>Identify program policy issues for Headquarter's consideration and participate in their resolution.</p> <p>Provide Headquarters with information about program implementation and consistency with regulations.</p>	<p>Provide program policy input through comments during development of regulations and through regular contact with RSOs.</p>
<b>Program Oversight</b>	<p>Provides policy and operational guidance to RSOs.</p> <p>Develops standard for monitoring RSO performance.</p> <p>Oversees RSOs' monitoring procedures for regional consistency.</p> <p>Responds to problems identified by RSOs.</p>	<p>Administer the SEP grant.</p> <p>Maintain State grant files; provide copies of approved Plans and amendments to Headquarters.</p> <p>Compare State performance to State Plan, resolve program implementation problems with States.</p> <p>Is the DOE contact for the program.</p> <p>Make on-site visits to States to review program performance and provide technical assistance and training.</p> <p>Inform Headquarters of potential problems.</p>	<p>Maintain subrecipient files.</p> <p>Monitor subrecipient performance.</p> <p>Provide technical assistance to subrecipients.</p> <p>Resolve program implementation problems with RSOs.</p> <p>Conduct property and equipment inventory.</p> <p>Prepare periodic reports.</p> <p>Secure approvals from RSOs for activity-specific issues.</p>
<b>Program Evaluation</b>	<p>Designs and manages national evaluation effort.</p> <p>Summarizes evaluation reports for the President, Secretary of Energy, and Congress.</p> <p>Initiates program and procedural changes to improve effectiveness.</p>	<p>Ensure States have an evaluation component in their implementation plan.</p> <p>Make recommendations to Headquarters for increased program effectiveness.</p>	<p>Design and incorporate evaluation components in State Plan.</p> <p>Evaluate impact of programs with respect to State needs.</p> <p>Modify program based on evaluation results.</p>
<b>Budget Preparation</b>	<p>Develops budget requests and allocates funds to States and program-support funding levels.</p>	<p>Award grant funds allocated to States after Plans are approved.</p> <p>Work with Headquarters to decide program support funding procedures; recommend and report to Headquarters on past and proposed uses of program support funds.</p>	<p>Prepare budget for the State Plan.</p> <p>Monitor the expenditure of funds</p> <p>Revise budget as required.</p>

**Table 4. SEP Responsibilities At-A-Glance**

<b>Function</b>	<b>DOE Headquarters</b>	<b>Regional Support Offices (RSOs)</b>	<b>State Energy Offices</b>
<b>External Relations</b>	<p>Develops presentations to national organizations, Congress, other Federal agencies, and the media.</p> <p>Responds to issues raised by national-level client groups, Congress, other Federal agencies, and the media.</p>	<p>Represent the program to regional, State, and local organizations.</p> <p>Advise Headquarters on State and regional concerns.</p> <p>Respond to issues raised by Congress, State, and local officials and other Federal agencies.</p>	<p>Deliver the program to the audiences targeted in the State Plan.</p> <p>Respond to issues raised by Congress, State and local officials, other Federal agencies, and the media.</p>
<b>Technology Transfer, Technical Assistance, and Information Sharing</b>	<p>Identifies opportunities to participate with RSOs, other Federal agencies, national trade, special interest organizations, and other groups that assist in moving more energy-efficient technologies into the marketplace.</p> <p>Identifies technical assistance resources for regions and States.</p> <p>Supports RSOs in handling technical assistance needs.</p> <p>Holds conferences and workshops on technical assistance topics of national and inter-regional interests.</p> <p>Prepares studies on subjects of interest.</p>	<p>Identify opportunities for technology transfer activities and request assistance from Headquarters to implement these activities.</p> <p>Serve as first contact for State technical assistance needs and requests; respond to or reroute technical assistance requests.</p> <p>Identify regional and State resources for States.</p> <p>Hold conferences and workshops on technical-assistance topics of local and national interest.</p> <p>Distribute studies, training aids, etc., to States.</p> <p>Prepare materials on items of regional interest.</p>	<p>Request assistance from RSOs needed to support and implement approved programs and specific activities.</p>

**Table 4. SEP Responsibilities At-A-Glance**

Function	DOE Headquarters	Regional Support Offices (RSOs)	State Energy Offices
<b>Grant Application and Review</b>	<p>Establishes administrative review and appeal procedures.</p> <p>Takes lead in developing standard application and review process.</p> <p>Provides technical-assistance training, resources, and guidance to RSOs on operating the computerized program information system.</p> <p>Resolves major issues.</p> <p>Executes the appeals process.</p>	<p>Provide guidance to States and regions on preparing, reviewing, and approving Grant Applications, Master Files, and amendments.</p> <p>Review Grant Applications for grants, ensure compliance with regulations, negotiate changes with States, and award grants.</p> <p>Identify and enter the required information from State Plans into the computerized information system (WinSAGA).</p> <p>Recommend to Headquarters modifications to WinSAGA to make it more responsive to program needs.</p> <p>Provide input to develop the application review process, including standard grant documentation.</p> <p>Recommend procedural changes to Headquarters and raise major issues for consideration.</p> <p>Conduct administrative review in cases where State funding is terminated or suspended and of other special circumstances.</p>	<p>Submit annual Grant Application forms and Master Files or changes to the files when applicable, develop State plans for RSO office review, secure public input as required.</p> <p>Enter required applications and reports into the computerized information system (WinSAGA). If the State does not have WinSAGA, the RSO will enter data.</p> <p>Provide RSOs with input on application and reporting process.</p> <p>Suggest procedural changes to RSOs and raise issues for consideration.</p>



# Chapter 3:

# Program Administration

Implementing Federal financial assistance programs begins with the issuance of a program regulation. The regulation translates the provisions of the enabling law into specific definitions, assignments of responsibility and procedures and requirements necessary to implement the program. The program regulation is the basis for program administration. Regulations governing the SEP administration include:

- State Energy Program, 10 CFR Part 420.
- DOE Financial Assistance Rules, 10 CFR Part 600.
- OMB Circulars.
- Related Legislation.

## Program Regulations

*See Appendix B*

Chapter 10 of the CFR, Part 420, contains the DOE regulations that govern the SEP. Initially published in 1976 for SECP, this regulation was amended several times. In 1996 an interim rule was published that amended the regulations to create the State Energy Program from the SECP and the ICP. On May 14, 1997, the final rule (10 CFR 420) was published. These two final rule makings represent the complete rule now applicable to the program. All of the rules governing the SEP can be found in the *1998 Code of Federal Regulations*.

*See [www.access.gpo.gov/nara/cfr/waisidx/10cfr420\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx/10cfr420_99.html)*

In addition to 10 CFR 420, SEP administrators must adhere to DOE's Financial Assistance Rules, 10 CFR Part 600, which establish uniform policies and procedures for the award and administration of DOE grants and subgrants. On October 21, 1994, the revised OMB Circular A-110, "Uniform Administration Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," was incorporated into 10 CFR 600. Other applicable OMB circulars include:

- Cost Principles for Educational Institutions, A-21.
- Cost Principles for State, Local Governments, and Indian Tribal Governments A-87.
- Uniform Administrative requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, A-110.
- Cost Principles for Nonprofit Organizations, A-122.

- Audits of Institutions of Higher Learning and Other Nonprofit Institutions, A-133.

## Related Legislation/Regulations

A number of pieces of broad-reaching legislation apply to the operation of the SEP as well as other Federal government programs. Two of these pieces are the Government Performance and Results Act of 1993 and the National Environmental Policy Act (NEPA) of 1969.

The Government Performance and Results Act requires executive agency heads to submit strategic plans to the Director of OMB and to Congress. The strategic plans must contain performance goals for their agency's program activities, cover at least a 5-year period, and must be updated at least every 3 years.

NEPA has two major functions: (1) to establish national policy for the protection of the environment, and (2) to provide for the establishment of a Council on Environmental Quality (CEQ) under the Executive Office. NEPA requires detailed statements for "major actions significantly affecting the quality of the human environment." The statements ensure that environmental values are considered in decision making along with economic and technical considerations. A NEPA review, conducted by DOE Headquarters, is required for all SEP Special Projects.

## Administration of Funds

DOE awards Federal funds to the States annually after receiving a Grant Application and, when applicable, the Master File (see Master File in Chapter 2). States are responsible for developing budgets, implementing plans, and reporting on expenditures.

Federal funds are appropriated on the basis of the Federal fiscal year, which currently begins October 1 and ends September 30. Each State may select a 12-month budget period for its program. This period generally corresponds to the State's fiscal year, and must start during the Federal fiscal year for which the funds were appropriated. However, the 12-month award period may extend beyond the Federal fiscal year.

*See 10 CFR Part 600.223 at [www.access.gpo.gov/nara/cfr/waisidx/10cfr600\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx/10cfr600_99.html)*

States incur obligations during the 12-month budget period and liquidate these obligations during the year as funds are paid out. The State has 90 days from the ending date of the budget period to liquidate all obligations. No unliquidated obligations can remain at the end of the grant budget period unless DOE authorizes an extension. If authorized, however, funds that are obligated but uncosted at the end of the grant budget period may be carried over to the next grant budget period.

Generally, if uncosted funds remain at the end of a budget period, the State includes an estimated amount in the budget when they prepare the new annual application.

## Automated Standard Application for Payment (ASAP)

State Energy Offices (SEOs) should initiate same-day or next-day payment requests of Federal funds through the U.S. Department of Treasury's Financial Management Service (FMS) Automated Standard Application for Payment (ASAP) system.

ASAP was developed by the FMS to provide a single point of contact for the request and delivery of Federal funds. SEOs may also use ASAP to find out whether or not a payment was approved, to inquire on grant award amounts, and to obtain grant payment information.

## **Budget**

States establish their yearly budgets in the Grant Application. The budget detail must be broken down by funding source—Federal, State, each PVE, and other funds—and cost categories for personnel, travel, and so forth.

*See 10 CFR Part 600.230 at  
[www.access.gpo.gov/nara/cfr/  
waisidx/10cfr600\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx/10cfr600_99.html)*

When budget changes are necessary, States are encouraged to discuss them as soon as possible with their RSO. Under some circumstances, a State may move money from one category to another to meet unanticipated needs. Under the DOE Financial Assistance Rules (10 CFR 600.230), the State program manager needs the prior written approval of DOE when funds are added to the budget, when cumulative transfers among direct-cost categories are expected to exceed 10% of the total budget, whenever DOE's share exceeds \$100,000, or when training funds are transferred to other direct-cost categories.

## **Financial Management**

*See 10 CFR Part 600.121,  
600.122, 600.220 and 600.221*

The SEP funds are disbursed to the States through electronic wire transfer in accordance with Treasury regulations. States spend and account for Federal grant funds according to the laws and procedures that apply to State funds. Although Federal regulations do not prescribe detailed accounting practices, States are accountable for reporting and meeting statutory obligations.

*See 10 CFR Part 600.220,  
600.121 and 600.241*

States must provide quarterly Financial Status Reports using SF-269. A separate quarterly Financial Status Report is required for each Federally funded project, for each Special Project grant, and for each project funded by PVE funds. Quarterly reports are due 30 days after the end of each reporting period; a final report is due 90 days after the end of the budget period. For grants paid by electronic funds transfer, States will submit a Federal Cash Transaction Report (SF-272) no later than 15 working days after the end of each quarter.

## **Financial Audits**

OMB Circular A-133 requires audits of State and local governments. Circular A-133 is issued pursuant to the Single Audit Act of 1984, P.C. 98-502 and the Single Audit Amendments of 1996, P.C. 104-156. Issued under the authority of sections 503, 1111, and 7501 et seq. of Title 31, United States Code, and Executive Orders 8248 and 11541, Circular A-133 was revised June 30, 1997. The new circular implements the Single Audit Amendments of 1996 and establishes uniform audit procedures for all nonfederal grant recipients, State and local governments, colleges and universities, hospitals, and nonprofit organizations. It also rescinds Circular A-128, Audits of State and Local Governments. Circular A-133 and the 1996 amendments are effective for audits of fiscal years beginning after June 30, 1996.

The audit threshold has been increased to \$300,000 of Federal award expenditures. The prior threshold under A-128 and A-133 was \$25,000. All nonfederal entities



that expend \$300,000 or more in a program year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of A-133. The \$300,000 Federal funds threshold includes funds from all Federal agencies. For purposes of the single-audit, PVE funds are not treated as Federal or appropriated funds. Subrecipients that spend less than \$300,000 are no longer required to have a single audit. The circular prohibits pass-through entities (States) from charging to Federal awards the costs of single audits for such recipients. States may not budget for audits of subgrantees receiving less than \$300,000 of Federal funds. Pass-through entities (States) are held responsible for Federal awards administered by their subrecipients and will need to review their overall subrecipients' monitoring process to determine if they need additional monitoring procedures to ensure subrecipient compliance.

Grantees that expend more than \$25 million in Federal awards will be assigned a cognizant agency. Grantees that expend \$25 million or less will be assigned an oversight agency. Both cognizant and oversight agencies will be reassigned every 5 years and will be the Federal agencies that provides the predominance of Federal funding in the reassignment year. OMB Circular A-133 was adopted by DOE on August 29, 1997, as Subpart E to 10 CFR 600 (Federal Register pages 45937-45961).

## Special Project Activities

As mentioned in Chapter 1, SEP provides financial assistance for Special Projects that accomplish several important goals:

- C To directly involve States in activities to accelerate deployment of energy efficiency and renewable energy technologies.
- C To facilitate the commercialization of emerging and underutilized energy efficiency and renewable energy technologies.
- C To increase the responsiveness of Federally funded technology development efforts to the needs of the marketplace.

*States can obtain information regarding specific instructions for individual special project categories by contacting the RSO. All current RSO Web sites can be accessed from:  
<http://www.eren.doe.gov/rso.html>*

The SEP Special Projects are funded by individual EE programs and are awarded on a competitive basis. The projects cover various aspects of energy efficiency in the buildings, industrial, transportation, and utility sectors as well as FEMP. Each year States are invited to develop proposals for specific categories.

To participate, States must submit separate Special Project application forms for each activity (see Chapter 2, State Plan Grant Application and Master File Package).

## Administering the Program

DOE Headquarters, the RSOs, and the States are all involved in administering the SEP. BTS holds overall responsibility for the program's direction, policy development, guidance, and evaluation. RSOs serve the States and are directly responsible for administering the program (see Table 5, page 3-10). The RSOs review and approve financial and programmatic documents, such as annual Grant Applications, Master Files, amendments, and reports to ensure Federal resources achieve program goals. RSOs also provide technical and training support and recommend ways to improve the programs.

## **DOE Responsibilities**

DOE's primary administrative and reporting responsibilities include the following:

- Review annual Grant Applications and award financial assistance.
- Perform grant administrative functions during the post-award period.
- Oversee the implementation of the SEP.
- Provide technical assistance to the individual States on program implementation.
- Provide, as appropriate, the guidance and resources necessary to achieve DOE's technology transfer objectives.
- Analyze performance reports on a periodic and continuing basis.
- Develop and implement effective policies and procedures for administering the SEP financial assistance program.

DOE Headquarters is primarily responsible for resolving programmatic issues, ensuring policy consistency for treatment of States and subrecipients nationwide, and networking with other Federal programs. DOE oversees its RSOs by monitoring, reviewing reports, assessing performance, and issuing annual guidance to reflect program direction and funding allocation.

The RSOs are the States' primary points of contact. RSOs are responsible for reviewing the State's annual grant application, receiving and analyzing the quarterly and annual reports submitted by the States, and resolving operating and administrative problems. The RSOs also provide technical assistance to the States. The staff in the RSOs work as a team on program grant issues and with DOE Headquarters to establish or improve policies and procedures. An essential part of this responsibility is to establish a rapport and an effective dialogue to ensure good communication between the States and DOE.

### **Pre-Award Activities**

When the RSO receives a state's application, it should acknowledge its receipt in writing and give the State an approximate date by which DOE will complete its review. The RSO has 60 days to review and approve the application. The objectives of the review are to:

- Determine if the mandatory program activities required by the implementing legislation were adopted and are being carried out effectively.
- Ensure the quantitative estimates of anticipated energy savings, where provided, are realistic and achievable.
- Determine if the State gave adequate attention to project planning and management for effective program implementation and has a well-thought-out conservation plan that includes program evaluation and monitoring plans.
- Determine if new proposed program activities are a viable and cost-effective method of reducing energy consumption.
- Ensure that the plan complies with applicable Federal regulations.

**Table 5. U.S. Department of Energy Regional Support Offices**

<b>Regional RSOs</b>	<b>States Served</b>	
<b>Atlanta</b> 730 Peachtree St., NE Suite 876 Atlanta, GA 30308 (404) 347-2696	Alabama Arkansas Florida Georgia Kentucky Mississippi	North Carolina South Carolina Tennessee Puerto Rico U.S. Virgin Islands
<b>Boston</b> JFK Federal Building Room 675 15 New Sudbury Street Boston, MA 02203 (617) 565-9700	Connecticut Maine Massachusetts	New Hampshire New York Rhode Island Vermont
<b>Chicago</b> One South Wacker Drive Suite 2380 Chicago, Ill 60606 (312) 353-6749	Illinois Indiana Iowa Michigan	Minnesota Missouri Ohio Wisconsin
<b>Denver</b> 1617 Cole Blvd. Golden, CO 80401 (303) 275-4826	Colorado Kansas Louisiana Montana Nebraska New Mexico	North Dakota Oklahoma South Dakota Texas Utah Wyoming
<b>Philadelphia</b> 1880 JFK Blvd. Suite 501 Philadelphia, PA 19103 (215) 656-6950	Delaware Maryland New Jersey Washington, D.C.	Pennsylvania Virginia West Virginia
<b>Seattle</b> 800 Fifth Ave. Suite 3950 Seattle, WA 98104 (206) 553-1004	Alaska American Samoa Arizona California Guam Hawaii	Idaho Nevada Oregon Washington Commonwealth of North Marianas

## Post-Award Activities

The primary responsibilities of the RSOs include:

- Review and approve amendments to the grant.
- Provide program management and technical assistance to States with an approved plan.
- Oversee implementation of grant.
- Facilitate information sharing among the States in the region.
- Conduct any necessary administrative reviews.

- Ensure that the program information contained in the computerized information system (WinSAGA) is current and accurate.
- Provide State-specific performance and administrative monitoring.

RSOs are also responsible for assessing how the States' performances compare with State Plan objectives and ensuring States comply with applicable regulations and guidelines. RSO representatives should visit each State on an as-needed basis. DOE encourages representatives to visit State-supported energy-related projects, particularly when there is a potential for advancing conservation and renewable energy technologies.

RSOs also provide technical assistance that primarily focuses on the following:

- Helping the States use existing Federal and State technical resources by providing reliable references and encouraging information sharing.
- Providing a point of contact to aid States in accessing DOE information and resources and providing a clearinghouse for technical questions and requests that States are unable to handle with their own resources.
- Providing technical consultation, training, and materials to back up the State programs and build technical capacity.

To determine a State's technical assistance needs and encourage information sharing, the RSOs review State quarterly reports, make on-site visits, and talk informally with State Energy Office staff members. Technical assistance and information exchanges are used to increase program efficiency, quality, and effectiveness; improve program management; reduce the potential for waste, fraud, and abuse; prevent States from "reinventing the wheel" (materials used by one State may be tailored to meet the needs of another); and provide an opportunity for program managers to establish contact with each other and discuss issues or problems of mutual concern.

## RSO Review and Reporting Requirements

Each RSO must develop its own procedures to process and review quarterly reports as well as follow-up procedures for any problem areas identified. The reports submitted to the RSOs by the State include the Financial Status Report (SF-269), Federal Cash Transaction Report (SF-272), and a Program Status Report. Reviewing the quarterly reports can help DOE identify program accomplishments and problems and detect possible waste, fraud, and abuse of grant funds.

## State Responsibilities

As mentioned earlier, SEP regulations require States to submit an application each year to the appropriate RSO to receive financial assistance. States must submit an original, signed application and two copies to the appropriate RSO on the due date established by DOE (see Chapter 2: State Plan Grant Application and Master File). DOE may establish the application due date when the annual appropriations are allocated to the States. States are required to submit the applications no later than 60 days before the States' current budget period ending date. Applications may be submitted through the computerized information system, the Systems Approach to Grants Administration for Windows (WinSAGA).

If a State determines it cannot meet the application submission date, the Governor, or designated representative, may request an extension by writing to the appropriate

RSO director at least 15 days before the application due date. The request should specify the amount of time needed and the reasons for a further extension.

*For a detailed explanation of the application forms and procedures, see Chapter 2*

States are required to submit a comprehensive State Plan/Master File in the first year in which the State applies for financial assistance. In subsequent years, the State can submit modifications to the original plan.

## Reporting

SEP applicants must complete the following quarterly reports for each Federally funded project, each Special Project, and for each project funded with PVE funds.

### Financial Status Report, Standard Form 269

*See 10 CFR 600.152 and 10 CFR 600.241 (Financial reporting) and 10 CFR 600.151 and 10 CFR 600.240 (Monitoring and reporting program performance)*

The Financial Status Report (Long Form), Standard Form 269 (SF 269), is required by the U.S. Department of Energy's Common Rule (10 CFR 600, Subpart C [formerly Subpart E]). This report provides an accounting of funds. The SF 269 remains unchanged from previous program years and is required quarterly by the SEP final rule, 10 CFR Part 420.5, and is due within 30 days after the end of the quarter. The final Financial Status Report is due 90 days after the end of the quarter. The standard instructions for completing the SF 269 are located on the back of the form included in Appendix C. Expenditures of DOE funds, State match, and income are reported on a single Financial Status Report. PVE costs by source are reported on a separate Financial Status Report, SF 269.

### Federal Cash Transactions Report, Standard Form 272

A copy of this quarterly report detailing cash received from the U.S. Department of Health and Human Services is to be submitted to DOE as stated in the Federal Assistance Reporting Checklist. This report is due within 15 working days following the end of each quarter. However, where an advance by electronic transfer of funds is authorized at an annualized rate of one million dollars (\$1,000,000) or more, the Federal agency may require the report to be submitted within 15 working days following the end of the month.

### Program Status Report

*See 10 CFR 420.5 in Appendix B*

Each State receiving Federal financial assistance for the SEP must submit a Program Status Report each quarter. This report is due within 30 days after the end of the quarter. The Quarterly Program Status Report Work Sheet is included in Appendix C (page C-33). One form should be completed for each activity.

Information to be provided includes the activity title, State, program year, status (i.e., active, completed, dropped), outlays by quarter, SEP grant fund outlays by source, leveraged fund outlays by source (optional), activity milestone status, remarks on problems, issues, or variances from the plan, accomplishments (publicity, good news, potential success stories), and performance outcome data collected.

### SEP Success Story Form

The U.S. Department of Energy encourages States to *volunteer* information about their SEP success stories. For those States that choose to share their success

stories, DOE has provided a Success Story form to help facilitate the reporting process. The Success Story Form (found in Appendix C) provides a consistent format for reporting information supplemental to section 8 of the SEP Quarterly Program Status Report.

